

## BACK TO BASICS

County Auditors  
Fall Conference  
October 2010

### Government Accounting

- Fund Accounting-Segregation of financial activity by source and use.
- Fund-
  - an individual accounting unit that is self-balancing, recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein.
  - segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

### Fund Types

- Governmental
  - General Fund
  - Special Revenue Funds
  - Debt Service Funds
  - Capital Projects Funds
- Proprietary (business type activity)
  - Internal Service Funds
  - Enterprise Funds
- Fiduciary (held for others)
  - Trust Funds
  - Pension Trusts
  - Private Purpose Trusts
  - Investment Trusts
  - Agency Funds

## Fund Types-Continued

- **General Fund**-There is only one. Typically serves as the chief operating fund a government. The general fund is used to account for all financial resources except those required to be accounted for in another fund.
- **Special Revenue Fund**-Used to account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditure for specified purposes.
- **Debt Service Fund**-Used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

## Fund Types-Continued

- **Capital Projects Fund**-Used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by internal service/enterprise funds and trust funds).
- **Internal Service Funds**-Used to report any activity that provides goods or services to other funds, departments, or agencies of the primary government and its component units, or to other governments, on a cost-reimbursement basis. Internal service funds should be used only if the reporting government is the predominant participant, otherwise report activity as enterprise fund.

## Fund Types-Continued

- **Enterprise Fund**-Used to report an activity for which a fee is charged to external users for goods or services.
- **Pension(and other employee benefit) Trust Funds**-Used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, other postemployment benefit plans, or other employee benefits plans.
- **Private-Purpose Trust Fund**-Used to report all trust arrangements, other than those properly reported in pension trust funds or investment trust funds, under which principal and income benefit individuals, private organizations, or other governments.

## Fund Types-Continued

- **Investment Trust Funds**-Fiduciary fund type used to report governmental external investment pools in separately issued reports and the external portion of these same pools when reported by the sponsoring government.
- **Agency Funds**-Agency funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

## Classifications

- General Government
- Public Safety
- Highways and Streets
- Sanitation
- Economic Development
- Health and Welfare
- Culture and Recreation

## Revenue Accounts

- Taxes
- Special Assessments
- Licenses and Permits
- Intergovernmental
- Charges for Services
- Fines and Forfeitures
- Other

## Expenses

- Classified by Major Budget Classification
  - Personal Services
  - Supplies
  - Other Services and Charges
  - Capital Outlay
- True even if appropriation is not required
- Exceptions for:
  - Internal Service Funds
  - Enterprise Funds
  - Trust Funds
  - Agency Funds

## Basic Fund Accounting Rule

No permanent transfers of cash between funds

## Appropriation Transfers

- Within the same departmental budget
  - Same major budget classification
    - Auditor or Council per county policy
  - Between major budget classification
    - Council approval
- Across departmental budgets
  - Council reduces appropriation
  - Council adopts additional appropriation
  - Requires State approval



## Get to Know Your County Funds

- Funds are established by statute or ordinance
- Understand the allowable
  - Receipts
  - Disbursements

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## County Annual Report

- Miscellaneous information

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